

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

STARRED QUESTION NO:145

ANSWERED ON:28.11.2002

PRODUCTION IN PUBLIC SECTOR ENTERPRISES

M.V.V.S MURTHI;SADASHIVRAO DADOBA MANDLIK

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the production in 49 Public Sector Enterprises (PSEs) under the Ministry of Heavy Industries has come down in the first half of the current fiscal year as compared to the corresponding period of the last year;

(b) if so, the details thereof; PSE-wise;

(c) the reasons for the same; and

(d) the corrective steps taken by the Government in this regard?

Answer

MINISTER FOR HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI BALASAHEB VIKHE PATIL)

(a) to (d): A Statement is laid on the Table of the House.

ANNEXURE-I

Annexure referred to in reply to the Lok Sabha Starred Question No. 145 to be answered on 28.11.2002

Comparative Cumulative production Summary from 1.4.2002 to 30.9.2002 and the corresponding period of previous year.

(Rs. in crores)

Sl.no.	Unit Name	Target	Actual	%age	Same	%age
	achieve-period					
	ment last year		Growth			

(A) ENGINEERING UNITS

1.	Andrew Yule & Co. (AYCL)	102.07	64.13	62.13	82.23	-22.01
2.	Bharat Heavy Electricals Ltd.(BHEL)	2416.00	2204.00	91.23	2328.00	-5.33
3	Burn Standard Co. Ltd.(BSCL)	105.52	75.16	71.23	49.14	52.95
4	Jessop & Co. Ltd.(JESSOP)	37.90	21.16	55.83	33.25	-36.36
5	Braithwaite & Co. Ltd.(Braithwaite)	62.55	28.96	46.30	36.64	-20.96
6	Bharat Wagon & Engg. Co. Ltd. (BWEL)	60.17	23.87	39.67	53.45	-55.34
7	Bharat Heavy Plates & Vessels Ltd. (BHPV)	99.50	18.62	18.71	89.17	-79.12
8	Bharat Pumps & Compressors Ltd.(BPCL)	26.60	25.15	94.55	37.74	-33.36
9	Richardson & Cruddas(1972)Ltd.(R&C)	34.55	15.89	45.99	17.74	-10.43
10	Triveni Structural Ltd.(TSL)	13.50	13.89	102.89	13.03	6.60
11	Tungabhadra Steels Products Ltd.(TSPL)	12.05	6.52	54.11	7.02	-7.12
12	Hindustan Cables Ltd.(HCL)	361.44	182.40	50.46	284.89	-35.98
13.	Heavy Engineering Corpn. Ltd.(HEC)	100.26	70.64	70.46	80.46	-12.20
14	Hindustan Machines Tools Ltd.	142.08	45.69	32.16	83.73	-45.43
	(holding company including Tractor).					
	(HMT-Holding)					
15	Praga Tools Ltd.(PTL)	5.33	3.39	63.60	1.18	187.29
16	HMT Bearings Ltd.(HMT-B)	23.85	8.68	36.39	21.87	-60.31
17	HMT Machines Tools Ltd.(HMT-MT)		132.74	77.78	58.60	102.94
18	HMT Watches Ltd.(HMT Watches)	82.20	22.00	26.76	49.77	-55.80
19	Chinar Watches Ltd.(HMT(Chinar Watches)	3.50	1.46	41.71	2.05	-28.78

20 Instrumentation Ltd., Kota (ILK)	55.00	45.49	82.71	43.80	3.86
21 Rajasthan Electronics & Instruments Ltd. (REIL)	14.24	12.34	86.66	8.59	43.66
22. National Instruments Ltd. (NIL)	1.92	2.61	135.94	2.10	24.29
23 Scooters India Ltd. (SIL)	81.28	50.50	62.13	55.96	-9.76
Total (A)	3974.25	3020.33	76.00	3484.75	-13.33

B. NON -ENGINEERING UNITS :

24 Bharat Ophthalmic Glass Ltd. (BOGL)	2.61	1.31	50.19	1.64	-20.12
25 Cement Corporation of India Ltd. (CCI)	36.64	49.32	36.09	44.29	11.36
26 Hindustan Paper Corpn. Ltd. (HPC)	248.71	263.77	106.06	267.25	-1.30
27 Hindustan Newsprint Ltd. (HNL)	117.10	88.08	75.22	125.39	-29.76
28 Hindustan Photo Films Mfg. Co. Ltd. (HPF)	0.00	6.85	0.00	12.62	-45.72
29 Hindustan Salts Ltd. (HSL)	4.13	3.07	74.33	2.82	8.87
30 Sambhar Salts Ltd. (SSL)	3.01	2.00	66.45	1.29	55.04
31 Nepa Ltd. (NEPA)	56.93	21.06	36.99	57.32	-63.26
32 Tyre Corporation of India Ltd. (TCIL)	58.14	46.91	80.68	33.54	39.86
Total (B)	627.27	482.37	76.90	546.16	-11.68

C. CONSULTANCY/CONTRACTING UNITS

33 Engineering Projects (I) Ltd.	140.00	158.58	113.27	153.17	3.53
34 Braithwaite Burn & Jessop Construction Co. Ltd. (BBJ) (subs.: Bharat Bhari Udyog Nigam Ltd.)	14.02	13.63	97.22	12.78	6.65
35 Bridge & Roof Co. Ltd. (B&R) (subs. Bharat Yantra Nigam Ltd.)	144.00	146.46	101.71	136.60	7.22
36 Hooghly Printing Co. Ltd.	3.90	2.19	56.15	3.44	-36.34

(Hooghly) (sub: Andrew Yule & Co. Ltd.)

37 HMT International Ltd. (HMT-I) (sub;HMT)	36.53	19.44	53.22	25.47	-23.67
Total (C)	338.45	340.30	100.55	331.46	2.67
Total (A+B+C)	4939.97	3843.00	77.79	4362.37	-11.91

24 PSEs - Decline in production

13 PSEs - - Increase in production

12 PSEs. - Closed or closure/ winding up contemplated-
Currently no production activity.

LIST OF PSEs CLOSED AND WHERE CLOSURE/WINDING UP CONTEMPLATED

A. CLOSED

1. Bharat process and Mech. Engineers Ltd.
2. Weighbird India Ltd.
3. Tannary & Footwear Corporation Ltd.
4. Rehabilitation Industries Corporation
5. Mining & Allied Machinery Corporation Ltd.
6. National Bicycle Corporation of India Ltd.
- 7 Cycle Corporation of India Ltd.

B. CLOSURE/WINDING UP CONTEMPLATED

8. National Indl. Development Corporation.

9. Bharat Brakes & Valves Ltd.
10. RBL Ltd.
11. Praga Tools Ltd.
12. Bharat Leather Corporation Ltd.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA STARRED QUESTION NO. 145 SLATED FOR REPLY ON 28.11.2002 ASKED BY S/SHRI Dr. M.V.V.S. MURTHI AND SADASHIVRAO DADOBA MANDLIK REGARDING PRODUCTION IN PSEs.

(a) to (d) There has been a decline in production of some of the 49 Public Sector Enterprises (PSEs). The PSE-wise details are given at Annexure-I. The reasons for decline in production, inter-alia, include paucity of orders, obsolete technology, shortage of working capital, high cost of production, excessive manpower, etc. PSE-wise reasons are placed at Annexure-II. The corrective steps taken by the government in this regard are given at Annexure-III.

These figures relate to first six months of the year. A more comprehensive reflection of production will, however, be available at the end of the financial year.

ANNEXURE-II

ANNEXURE REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 145 SLATED FOR REPLY ON 28.11.2002.

LIST OF PSEs, WHICH HAVE REGISTERED DECLINE IN PRODUCTION

(Rs. in Crore)

SLNO.	UNIT NAME	PRODUCTION DURING APRIL TO SEPTEMBER 2001	PRODUCTION DURING APRIL TO SEPTEMBER 2002	%age Decline	REASONS FOR SHORTFALL / DECLINE IN PERFORMANCE
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A. ENGINEERING UNITS:

1. Andrew Yule & Co., (AYCL)
Kolkata 82.23 64.13 -22.01 Shortage of working capital
Slump in tea prices
2. Bharat Heavy Electrical Ltd., 2328.00 2204.00 - 5.33 Non receipt /delayed receipts
of order .
(BHEL), New Delhi
3. Jessop & Co. Ltd., (Jessop)
Kolkata 33.25 21.16 -36.36 Bogies and coupler shortage.
Lack of order
4. Braithwaite & Co. Ltd., 36.64 28.96 -20.96 Shortage of matching wagon input
(Braithwaite), Kolkata
5. Bharat Wagon & Engineering Co. Ltd., (BWEL), Patna 53.45 23.87 -55.34 Shortage of working capital
6. Bharat Heavy Plates & Vessels Ltd. (BHPV), Vishakhapatnam 89.17 18.62 -79.12 Non-receipt of material components, Slump in market and delay in finalisation of tenders
7. Bharat Pumps & Compressors Ltd., (BPCL), Allahabad 37.74 25.15 -33.36 Slump in market, non-receipt of materials and liquidity problems, non-finalisation of tenders.

8. Richdardson & Cruddas(1972) 17.74 15.89 -10.43 Liquidity problem, non-receipt
Ltd., (R&C),Mumbai Of materials, non-finalisation
oftenders.
9. Tungabhadra Steels Products 7.02 6.52 -7.12 Shortage of working capital.
Ltd., (TSPL), Hospet
10. Hindustan Cables Ltd.(HCL),
Kolkata 284.89 182.40 -35.98 Reduction of selling price of
PUF Cables by 17% during year
2001-02 resulting in severe
pressure on the operating
margins leading to gradual
erosion of working capital.
11. Heavy Engineering Corpn.Ltd.
(HEC),Ranchi, 80.46 70.64 -12.20 Shortage of work order and
working capital, recessionary
trends in capital goods market,
high overheads and high
interest burden.
12. HMT Ltd.(holding Co.
including Tractor 83.73 45.69 -45.43 Working capital constraints
Division)(HMT holding Co.), Continuing negative growth of
Bangalore tractor industry.
13. HMT(Bearings) Ltd.(HMT-B),
Hyderabad 21.87 8.68 -60.31 Low off-take from both OEMs
and trade
14. HMT Machine Tools Ltd(HMT-MT),
Bangalore 102.94 77.78 -24.44 Poor order inflow and working
capital constraints.
15. HMT Watches Ltd.(HMT(Watch),
Bangalore 49.77 22.00 -55.80 Working capital constraints
16. Chinar Watches Ltd., (HMT
(Chinar Watches),J&K 2.05 1.4 -28.78 Working capital constraints
17. Scooters (India) Ltd.,
(SIL),Lucknow 55.96 50.50 -9.76 Restriction in registration/
non issue of permits in
certain districts/sales,
difficult market conditions
and severe competition in the
market has adversely affected
sales which led to curtailment
of production.

B. NON-ENGINEERING UNITS

18. Bharat Opthhalmic Glass
Ltd.(BOGL),Durgapur 1.64 1.31 -20.12 Working capital shortage.
19. Hindustan Paper Corp. Ltd.
(HPC), Kolkata 267.25 263.77 -1.30 Non-availability of Bamboo.
20. Hindustan Newsprint Ltd.(HNL), 125.39 88.08 -29.76 Recessionary phase due to
Vellore, Kottayam availability of imported
newsprintat a cheaper price,
lower sales realization
21. Hindustan Photo Films
Mfg. Co. Ltd. 12.62 6.85 -45.72 Non-level playing field
(HPF), Ooty conditionsfor integrated
manufacturers against
converters/traders, severe
competition from MNCs, lack of
working capital and non-
availability of colour products.
22. Nepa Ltd., Nepa Nagar 57.32 21.06 -63.26 Non-availability of waste paper
and raw material stock.

C. CONSULTANCY/ CONTRACTING UNITS

23. Hooghly Printing Co. Ltd.,
(Hooghly), Kolkata 3.44 2.19 -36.34 Shortage of working capital
24. HMT(International)Ltd.
(HMT-I), Bangalore 25.47 19.44 -23.67 Shortage of orders and
components.

ANNEXURE REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.145 TO BE ANSWERED ON 28.11.2002.

CORRECTIVE STEPS TAKEN BY THE GOVERNMENT TO STRENGTHEN THE PERFORMANCE OF PSEs

1. Strategies for strengthening and improving the performance of the PSEs include

- (i) Revival through BIFR,
- (ii) Financial Restructuring wherever appropriate,
- (iii) Joint Venture formation,
- (iv) Manpower Rationalization and
- (v) Closure is the last option.

2. Revival Schemes sanctioned by BIFR in case of 12 PSEs (BPCL, Jessop, TSL, BBVL, RBL, SIL, R&C, ILK, BSCL, NIL, I Braithwaite) involving infusion of funds by the Government to the tune of Rs.654 crore and financial restructuring of Rs.2106 crore.

3. Government on their own have also approved restructuring in 7 other PSEs(HCL, AY&Co, NEPA, HPC, PTL, HMT, EPI) involving financial and business restructuring. This involved fresh infusion of funds to the extent of Rs.531 crore and financial restructuring of Rs.1443 crore. The Government also release funds to PSEs for modernization/ renewal and replacement of machinery and equipment, for meeting expenditure on VRS, payment of salary & wages and statutory dues.

4. Assistance is being provided by the Government wherever required in securing orders from other Ministries, PSEs, State Governments, etc. on case-to-case basis.

5. Recently, an Inter-Ministerial Group has been constituted having representation from Railway Board, Ministry of External Affairs and Ministry of Finance to deliberate upon the issues relating to prospects of wagon industry and to explore and promote exports of Railway Rolling Stock. The Committee is headed by Secretary (Heavy Industry).

6. The Government is monitoring the performance of these PSEs regularly.

7. A Conference of Chief Executives of the PSEs under DHI was organized on 9th October, 2002 in Delhi to comprehensively share inter -PSE experiences in attaining competitiveness, meeting emerging challenges and to identify inter-PSEs synergies. The suggestions deliberated in the Conference , inter-alia, include:-

- i. strategising sustained viability of the companies,
- ii. better management and production techniques need to be adopted in the operations of the companies by increasing R&D efforts,
- iii. the spirit of competitiveness needs to be inculcated in each & every individual of the organization,
- iv. need for cutting costs,
- v. energy conservation,
- vi. better inventory management ,
- vii. review of the business organizational structure of the PSEs. CEOs must build up self -confidence so as to face the challenges and improve performance,
- viii. PSEs need to carry out substantial manpower rationalization.

8. A Committee has also been constituted on 21st October, 2002 for enhancing business opportunities for PSEs under DHI. The Committee under the Chairmanship of CMD, BHEL will have CMDs of HMT, HPC, BYNL, HEC, EPI and SIL as members. The Committee will identify opportunities for PSEs of DHI in the domestic and global arena in the current business environment and to pool together the synergies and experiences for improving their performance. The terms of reference of this Committee are as under :

- i. identify domestic and global opportunities for PSEs under DHI in the emerging economic order for strengthening their contribution to the National economy.
- ii. Identify inter-PSE synergies and opportunities and prepare a platform for working together for mutual benefit and for enlarging each other's areas of strengths.
- iii. share common areas of cost-rationalization and suggest ways and means of benchmarking for enhancing overall efficiencies.
- iv. Identify potential areas of strategic alliances/ joint ventures with domestic/global enterprises for enhancing overall profitability and prospects of PSEs under DHI.